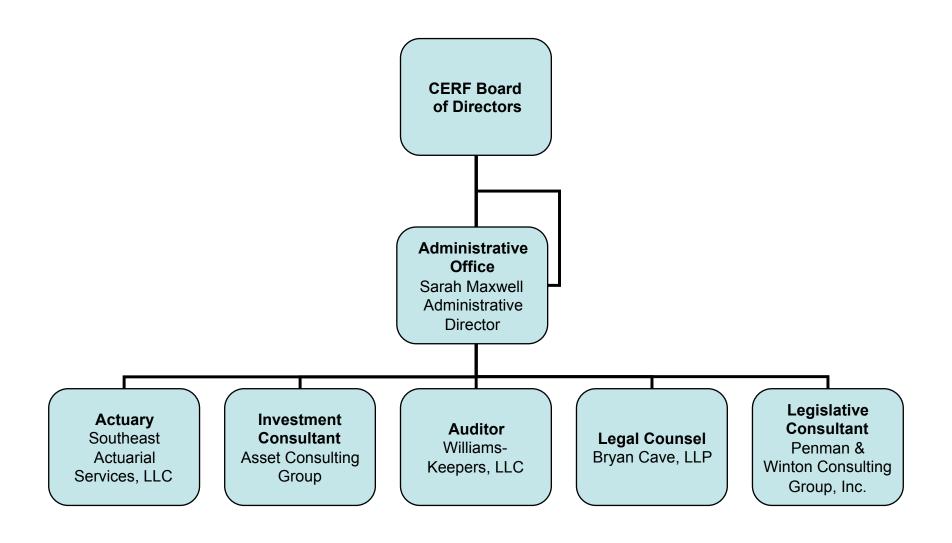
County Employees' Retirement Fund

Presentation by Peggy Kubicek
May 21, 2009
Springfield Police Fire Pension Fund
Citizens Task Force

CERF Background

- Missouri Legislature created CERF in 1994 to provide a defined benefit plan for employees of 110 Missouri counties.
- > The defined contribution plan began 01/01/2000.
- > CERF is a public pension plan serving 11,173 active members (Actuarial Report May 2009)
- Rules, statutes, plan information, investment and actuarial information, and updates at www.mocerf.org

Administrative Structure



Board of Directors

One Director Selected from Each Office Statewide

- > Recorders of Deeds
- County Auditors
- County Public Administrators
- > County Clerks
- > County Treasurers
- County Coroners
- County Assessors

- > County Collectors
- County
 Commissioners
- > Public Member*
- > Public Member*

*Public Members appointed to 4-years terms by Governor

Board Obligations

- >Quarterly CERF meetings
- >Additional training twice per year
- Trips to fund manager home office for due diligence prior to addition to portfolio
- Monthly statements
- Additional meetings as needed
- >Fiduciary role
- Legislative issues

Asset Consulting Group St. Louis, MO

- Brown Advisory (Large Cap)
- > TCW (Large Cap)
- Century (Small/Mid)
- Burgundy Asset Mgmt. (Small/Mid)
- Archstone (Equity Long/Short)
- > Artisan (International)
- > Brandes (International)
- Loomis Sayles (Fixed Income)
- > Private Advisors Stable Value (Fixed Income)
- ING Clarion Lion Properites (Real Estate)
- > CERF Building (Real Estate)
- Cash & Deferred Comp

What Our Consultant Does

- Understands CERF goals and objectives
- Researches opportunities, trends, and areas of concern in various markets
- Monitors CERF portfolio performance
- Identifies likely managers
- Watches CERF fund managers for changes in style, performance, staff, etc.
- Provides monthly and quarterly reports on CERF portfolio compared with appropriate markets and peers
- Meets with the CERF board quarterly
- Provides other information or advice as requested

CERF Board Investment Policy

- > 25% Large Cap
- > 10% Small/Mid Cap
- > 10% Equity Long/Short
- > 15% International Equity
- > 5% Private Equity
- > 30% Fixed Income
- > 5% Real Estate

Note: When an asset class exceeds its target allocations by more than 5%, it is rebalanced.

CERF Pension Funding Sources

- Employee/County Contributions
 2%-6% to Pension Plan--Mandatory
 0.7% to 401(a)—Mandatory
 Up to maximum permissible by law 457
- > Recorder Document Fees
- >Collector Fees
- >Assessor Fees
- >Investment Earnings

Performance Goals

- Meet actuarial assumption rate of 8% plus 1%
- Exceed CPI by 5% annually
- Exceed total return index comprised of 65% S&P 500 and 35% Barclays Capital Aggregate
- Maintain a level of risk consistent with the blended index.

Investment Philosophy:

Minimize losses and be willing to gain a little less in the markets.

>\$1000 asset loses 50%, with a \$500 net. In order to regain original value, the market has to return another \$500 (100% of \$500).

A Little Good News

- >Annualized Total Return since inception (12/1994) is 7.7% as of 12/31/2008.
- >Total CERF assets as of 03/31/2009 \$196,754,714
- >Total CERF assets as of 04/30/2009 \$210,961,000
- CERF consultants and fund managers optimistic about economic and market cycles.

CERF Composite Peer Rankings

Period ending March 31, 2009 (1 is best, 100 is worst)

Period	Portfolios with Similar Allocations	Total Fund Universe	Public Pension Funds
1 Quarter	15	43	24
2 Quarters	12	46	27
1 Year	4	34	22
3 Years	17	40	28
5 Years	30	44	42
10 Years	11	20	15

Pension Benefits

- > 100% benefit at age 62, 50% benefit at 55
- Return of contribution (cash out or rollover) if leaving prior to 8-year vesting
- Active employees who die will have a \$10,000 insurance death benefit paid to a named beneficiary
- Other death benefits, depending upon marital circumstances
- Employees participate in Social Security and Medicare programs

Pension Formulas

The highest result of three formulas (flat dollar, targeted replacement ratio, and prior plan formulas) determines the CERF pension benefit

Approximate Social Security benefit at 62 is assumed in calculations

Key components are years of service (up to 29 years) and the 2 highest years of annual salary

CERF Savings Plan

- >401(a)—mandatory 0.7% deduction, tax deferred, self-directed investments
- >457—voluntary employee contributions, tax deferred, self-directed investments
- >CERF matches a portion (as available) of 457 contributions to be paid into the employee's 401(a) account (up to 6%)

Odds and Ends

- CERF provides no disability benefits
- Some eligible CERF participants also in LAGERS
- >CERF actuary uses "smoothing"
- ➤ Board may increase benefits by 1% with at least 80% funded ratio (As of 01/01/2009 at 77% smoothed and 64% accumulated benefits basis)

Questions?